



General Assembly

Amendment

February Session, 2008

LCO No. 6046

SB0034906046SD0

Offered by:

SEN. GOMES, 23rd Dist.

REP. GREEN, 1st Dist.

To: Senate Bill No. 349

File No. 368

Cal. No. 249

"AN ACT CONCERNING MODERATE INCOME HOUSING FOR ELDERLY PERSONS."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 Section 1 Section 8-253a of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective from passage*):

5 In addition to the terms and conditions set forth in section 8-253,
6 loans made by the authority hereunder shall also be subject to the
7 following terms and conditions:

8 (1) A loan hereunder may be prepaid after a period of twenty years
9 without the permission of the authority or sooner with the permission
10 of the authority; [provided,] except that nonprofit mortgagors and
11 mortgagors to whom loans are made on or after October 1, 1978, may
12 prepay their loans prior to maturity [only with the consent of the
13 authority. The] without the permission of the authority. The authority

14 shall grant [such consent] permission to prepay if it finds (A) that it
15 may reasonably be expected that the prepayment of the loan will not
16 result in a material escalation of rents charged to occupants of the
17 project; and (B) that the need for low and moderate income housing in
18 the area concerned is no longer acute.

19 (2) The interest rate on the loan shall be established by the authority
20 at the lowest level consistent with the authority's cost of operation and
21 its responsibilities to the holders of its bonds, bond anticipation notes
22 and other obligations, except those loans made pursuant to subsection
23 (32) of section 8-250.

24 (3) The authority shall require the mortgagor or its contractor to
25 post labor and materials and construction performance surety bonds,
26 or enter into an escrow arrangement acceptable to the authority, in
27 amounts related to the project cost as established by regulation, and to
28 execute such other assurances and guarantees as the authority may
29 deem necessary.

30 (4) The loan shall be subject to an agreement between the authority
31 and the mortgagor which will subject said mortgagor and its principals
32 or stockholders to limitations established by the authority as to rentals,
33 carrying charges, and other charges, profits and fees, and the
34 disposition of its property and franchises to the extent more restrictive
35 limitations are not provided in the law under which the mortgagor is
36 incorporated or organized.

37 (5) A loan to a mortgagor, other than a municipal developer or a
38 nonprofit corporation having as one of its purposes the construction or
39 rehabilitation of housing, shall be subject to an agreement between the
40 authority and the mortgagor limiting the mortgagor, and its principals
41 or stockholders, to such return on the mortgagor's equity in any project
42 assisted with a loan from the authority as may be established or
43 permitted by the authority. The mortgagor's equity in a project shall
44 consist of the difference between the amount of the loan and the total
45 project cost, whether or not such costs have been paid in cash or in a

46 form other than cash. With respect to every project, the authority shall,
47 pursuant to rules and regulations adopted by it, establish the
48 mortgagor's equity after the acceptance as proper by the authority of
49 the certification or other assurances of project cost from the mortgagor,
50 provided in no case shall such figure ever be less than the mortgagor's
51 original equity in such project.

52 (6) No loan shall be executed, except a loan made to a municipal
53 developer or a nonprofit corporation having as one of its purposes the
54 construction or rehabilitation of housing, unless the mortgagor agrees
55 (A) to certify upon completion of project construction or rehabilitation,
56 subject to audit by the authority, either that the actual project cost as
57 defined herein exceeded the amount of the loan proceeds by ten per
58 cent or more, or the amount by which the loan proceeds exceed ninety
59 per cent of total project cost, and (B) to pay forthwith to the authority,
60 for application to reduction of principal of the loan, the amount, if any,
61 of such excess loan proceeds, subject to audit and determination by the
62 agency. No loan shall be made to a municipal developer or a nonprofit
63 corporation unless such mortgagor agrees to certify the actual project
64 cost upon completion of the project, and further agrees to pay
65 forthwith to the authority, for application to reduction of the principal
66 of the loan, the amount, if any, by which the proceeds of the loan
67 exceed the certified project cost, subject to audit and determination by
68 the authority. Notwithstanding the provisions of this subsection, the
69 authority may accept, in lieu of any certification of project cost as
70 provided herein, such other assurances of the said project cost, in any
71 form or manner whatsoever, as will enable the authority to determine
72 with reasonable accuracy the amount of said project cost.

73 (7) As a condition of the loan, the authority shall have the power at
74 all times during the construction and rehabilitation of a housing
75 project and the operation thereof: (A) To enter upon and inspect
76 without prior notice any project, including all parts thereof, for the
77 purpose of investigating the physical and financial condition thereof,
78 and its construction, rehabilitation, operation, management and
79 maintenance, and to examine all books and records with respect to

80 capitalization, income and other matters relating thereto and to make
81 such charges as may be required to cover the cost of such inspections
82 and examinations; (B) to order such alterations, changes or repairs as
83 may be necessary to protect the security of its investment in a housing
84 project or for the health, safety and welfare of the occupants thereof;
85 (C) to order any managing agent, project manager or owner of a
86 housing project to do such acts as may be necessary to comply with the
87 provisions of all applicable laws and ordinances or any rule or
88 regulation of the authority or the terms of any agreement concerning
89 the said project or to refrain from doing any act in violation thereof
90 and in this regard the authority shall be a proper party to file a
91 complaint and to prosecute thereon for any violation of laws or
92 ordinances as set forth herein; (D) to require the adoption and
93 continuous use of uniform systems of accounts and records for a
94 project and to require all owners or managers of same to file annual
95 reports containing such information and verified in such manner as the
96 authority shall require and to file at such times and on such forms as
97 the authority may prescribe reports and answers to specific inquiries of
98 the authority to determine the extent of compliance with any
99 agreement, the terms of the loan, the provisions of this chapter and any
100 other applicable law; and (E) to enforce, by court action if necessary,
101 the terms and provisions of any agreement between the authority and
102 the mortgagor as to schedules of rentals or carrying charges, aggregate
103 family income limits as applied to applicants for housing or the
104 occupants thereof, or any other limitation imposed upon the
105 mortgagor as to financial structure, construction, operation, or
106 disposition of the housing.

107 (8) If, pursuant to subsection (29) of section 8-250, the authority
108 appoints a majority of new directors to the board of directors of a
109 mortgagor corporation, or appoints a new managing agent for an
110 unincorporated association, the persons so appointed need not be
111 stockholders or partners or meet other qualifications which may be
112 prescribed by the articles of incorporation or other basic documents of
113 organization or the bylaws of such mortgagor. In the absence of fraud

114 or bad faith, the persons so appointed shall not be personally liable for
115 the debts, obligations or liabilities of such mortgagor; and shall serve
116 only for a period coexistent with the duration of the reasons for their
117 appointment or until the authority is assured, in a manner satisfactory
118 to it, that the need for such service no longer exists; and they shall
119 serve as directors or managing agents for such compensation as the
120 authority may determine and shall be entitled to be reimbursed for all
121 necessary expenses incurred in the discharge of their duties as
122 directors or managing agents of such mortgagor."

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	1 8-253a
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